

ASSEMBLY BILL

No. 695

Introduced by Assembly Member Bill Berryhill

February 26, 2009

An act to amend Section 399.14 of the Public Utilities Code, relating to renewable energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 695, as introduced, Bill Berryhill. Public utilities: renewable energy procurement plan.

Existing law establishes the California Renewables Portfolio Standard Program in order to attain a target of generating 20% of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2010. Existing law requires the Public Utilities Commission to direct each electrical corporation, as defined, to prepare a renewable energy procurement plan, and to require each electrical corporation to review and update its plan as it determines to be necessary.

This bill would make a technical, nonsubstantive change to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 399.14 of the Public Utilities Code is
- 2 amended to read:
- 3 399.14. (a) (1) The commission shall direct each electrical
- 4 corporation to prepare a renewable energy procurement plan that

1 includes the matter in paragraph (3), to satisfy its obligations under
2 the renewables portfolio standard. To the extent feasible, this
3 procurement plan shall be proposed, reviewed, and adopted by the
4 commission as part of, and pursuant to, a general procurement
5 plan process. The commission shall require each electrical
6 corporation to review and update its renewable energy procurement
7 plan as it determines to be necessary.

8 (2) The commission shall adopt, by rulemaking, all of the
9 following:

10 (A) A process for determining market prices pursuant to
11 subdivision (c) of Section 399.15. The commission shall make
12 specific determinations of market prices after the closing date of
13 a competitive solicitation conducted by an electrical corporation
14 for eligible renewable energy resources.

15 (B) A process that provides criteria for the rank ordering and
16 selection of least-cost and best-fit eligible renewable energy
17 resources to comply with the annual California Renewables
18 Portfolio Standard Program obligations on a total cost basis. This
19 process shall consider estimates of indirect costs associated with
20 needed transmission investments and ongoing utility expenses
21 resulting from integrating and operating eligible renewable energy
22 resources.

23 (C) (i) Flexible rules for compliance, including rules permitting
24 retail sellers to apply excess procurement in one year to subsequent
25 years or inadequate procurement in one year to no more than the
26 following three years. The flexible rules for compliance shall apply
27 to all years, including years before and after a retail seller procures
28 at least 20 percent of total retail sales of electricity from eligible
29 renewable energy resources.

30 (ii) The flexible rules for compliance shall address situations
31 where, as a result of insufficient transmission, a retail seller is
32 unable to procure eligible renewable energy resources sufficient
33 to satisfy the requirements of this article. Any rules addressing
34 insufficient transmission shall require a finding by the commission
35 that the retail seller has undertaken all reasonable efforts to do all
36 of the following:

37 (I) Utilize flexible delivery points.

38 (II) Ensure the availability of any needed transmission capacity.

39 (III) If the retail seller is an electric corporation, to construct
40 needed transmission facilities.

1 (IV) ~~Nothing in this~~ This subparagraph shall be construed to
2 *does not* revise any portion of Section 454.5.

3 (D) Standard terms and conditions to be used by all electrical
4 corporations in contracting for eligible renewable energy resources,
5 including performance requirements for renewable generators. A
6 contract for the purchase of electricity generated by an eligible
7 renewable energy resource shall, at a minimum, include the
8 renewable energy credits associated with all electricity generation
9 specified under the contract. The standard terms and conditions
10 shall include the requirement that, no later than six months after
11 the commission's approval of an electricity purchase agreement
12 entered into pursuant to this article, the following information
13 about the agreement shall be disclosed by the commission: party
14 names, resource type, project location, and project capacity.

15 (3) Consistent with the goal of procuring the least-cost and
16 best-fit eligible renewable energy resources, the renewable energy
17 procurement plan submitted by an electrical corporation shall
18 include all of the following:

19 (A) An assessment of annual or multiyear portfolio supplies
20 and demand to determine the optimal mix of eligible renewable
21 energy resources with deliverability characteristics that may include
22 peaking, dispatchable, baseload, firm, and as-available capacity.

23 (B) Provisions for employing available compliance flexibility
24 mechanisms established by the commission.

25 (C) A bid solicitation setting forth the need for eligible
26 renewable energy resources of each deliverability characteristic,
27 required online dates, and locational preferences, if any.

28 (4) In soliciting and procuring eligible renewable energy
29 resources, each electrical corporation shall offer contracts of no
30 less than 10 years in duration, unless the commission approves of
31 a contract of shorter duration.

32 (5) In soliciting and procuring eligible renewable energy
33 resources, each electrical corporation may give preference to
34 projects that provide tangible demonstrable benefits to communities
35 with a plurality of minority or low-income populations.

36 (b) The commission may authorize a retail seller to enter into
37 a contract of less than 10 years' duration with an eligible renewable
38 energy resource, if the commission has established, for each retail
39 seller, minimum quantities of eligible renewable energy resources
40 to be procured either through contracts of at least 10 years' duration

1 or from new facilities commencing commercial operations on or
2 after January 1, 2005.

3 (c) The commission shall review and accept, modify, or reject
4 each electrical corporation's renewable energy procurement plan
5 prior to the commencement of renewable procurement pursuant
6 to this article by an electrical corporation.

7 (d) The commission shall review the results of an eligible
8 renewable energy resources solicitation submitted for approval by
9 an electrical corporation and accept or reject proposed contracts
10 with eligible renewable energy resources based on consistency
11 with the approved renewable energy procurement plan. If the
12 commission determines that the bid prices are elevated due to a
13 lack of effective competition among the bidders, the commission
14 shall direct the electrical corporation to renegotiate the contracts
15 or conduct a new solicitation.

16 (e) If an electrical corporation fails to comply with a commission
17 order adopting a renewable energy procurement plan, the
18 commission shall exercise its authority pursuant to Section 2113
19 to require compliance. The commission shall enforce comparable
20 penalties on any other retail seller that fails to meet annual
21 procurement targets established pursuant to Section 399.15.

22 (f) (1) The commission may authorize a procurement entity to
23 enter into contracts on behalf of customers of a retail seller for
24 deliveries of eligible renewable energy resources to satisfy annual
25 renewables portfolio standard obligations. The commission may
26 not require any person or corporation to act as a procurement entity
27 or require any party to purchase eligible renewable energy
28 resources from a procurement entity.

29 (2) Subject to review and approval by the commission, the
30 procurement entity shall be permitted to recover reasonable
31 administrative and procurement costs through the retail rates of
32 end-use customers that are served by the procurement entity and
33 are directly benefiting from the procurement of eligible renewable
34 energy resources.

35 (g) Procurement and administrative costs associated with
36 long-term contracts entered into by an electrical corporation for
37 eligible renewable energy resources pursuant to this article and
38 approved by the commission shall be deemed reasonable per se,
39 and shall be recoverable in rates.

1 (h) Construction, alteration, demolition, installation, and repair
2 work on an eligible renewable energy resource that receives
3 production incentives pursuant to Section 25742 of the Public
4 Resources Code, including work performed to qualify, receive, or
5 maintain production incentives is “public works” for the purposes
6 of Chapter 1 (commencing with Section 1720) of Part 7 of Division
7 2 of the Labor Code.

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